

Message Text

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60

ACTION EA-14

INFO OCT-01 ISO-00 PM-07 L-03 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03

OMB-01 SIL-01 LAB-06 EB-11 COME-00 FEA-02 TRSE-00

DRC-01 /091 W

----- 005439

R 162030Z JAN 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7500

INFO AMEMBASSY CANBERRA

AMCONSUL MELBOURNE

AMEMBASSY SUVA

CINCPAC

AMCONSUL AUCKLAND

LIMITED OFFICIAL USE WELLINGTON 0144

CINCPAC FOR POLAD

EO 11652: N/A

TAGS: ELAB, PINT, NZ

SUBJ: WHAT'S WATT

REF: (A) WELLINGTON 3204

(B) WELLINGTON 3213

BEGIN SUMMARY

1. MIN LABOR WATT HAS ANNOUNCED HE WILL RETAIN PORTFOLIO.
NOTWITHSTANDING GENERAL FEELING THAT
WATT IS POOR MIN. LABOR HE PROBABLY HAS TOO MUCH
STRENGTH IN LABOR PARTY TO BE OUSTED BY CAUCUS.
END SUMMARY.

2. FOLLOWING MEETING WITH PRIME MINISTER,
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HUGH WATT (MIN. LABOR, MIN. WORKS, MIN.

PUBLICITY AND DEPUTY PRIME MINISTER) ANNOUNCED HE WILL BE RETAINING LABOR PORTFOLIO. FAILURE TO MENTION OTHER PORTFOLIOS HAS LED TO SOME SPECULATION THAT ONE OR MORE OF THEM MAY BE TRANSFERRED TO ANOTHER MINISTER. RELATIVELY MINOR PUBLICITY DEPARTMENT LIKELY THE ONLY ONE WATT WOULD BE WILLING GIVE UP.

3. WATT'S ANNOUNCEMENT COMES AT TIME WHEN ORGANIZED LABOR, RELATIVELY QUIET FOR PAST TWO MONTHS, BEGINNING TO REASSERT ITSELF. THREE MONTH OLD STRIKE OF MOULDERS AT MAJOR WELLINGTON STEEL FABRICATING FIRM NOW AFFECTING CONSTRUCTION SCHEDULES. STOREMEN AND PACKERS UNION, IN RETALIATION FOR WATT DECISION GIVING WELLINGTON WATERSIDE WORKERS RIGHT TO PACK AND UNPACK CONTAINERS IN SEVERAL OFF-WHARF DEPOTS, HAS ANNOUNCED INTENTION BLACKLIST SOUTH ISLAND PORT OF TIMARU. STOREMEN AND PACKERS HAVE ALSO BROUGHT SUIT AGAINST WATT IN EFFORT RETAIN RIGHT TO PACK/UNPACK CONTAINERS. SUIT WILL PROBABLY BE HEARD MID-FEBRUARY. LAST, BUT NOT LEAST, FOL PRESIDENT SKINNER HAS STATED THAT FEBRUARY MEETING OF FOL EXECUTIVE WILL CONSIDER QUESTION OF ASKING FOR GENERAL WAGE ORDER TO MAKE UP REAL WAGE LOSSES CAUSED BY INFLATION.

4. COMMENT: WATT IS NEITHER STRONG NOR RESOURCEFUL ADMINISTRATOR AND HE IS HOPELESSLY OVERWORKED. EMPLOYERS FEDERATION, FOL AND LABOR DEPARTMENT ARE VIRTUALLY UNANIMOUS IN CONDEMNING HIS PERFORMANCE TO DATE. WATT, HOWEVER, HAS ONE MAJOR ASSET IN HIS FAVOR. HE IS OBVIOUSLY NOT PRIME MINISTERIAL MATERIAL AND POSES NO THREAT TO KIRK FROM HIS POSITION AS DEPUTY PRIME MINISTER. STRIPPING WATT OF HIS LABOR PORTFOLIO MIGHT POSSIBLY OPEN THE WAY FOR FURTHER CHANGES ALLOWING MORE AMBITIOUS MAN TAKE OVER NUMBER TWO SPOT IN GOVERNMENT. KIRK NOT AT ALL INTERESTED IN HAVING STRONG COMPETITOR WAITING FOR HIM TO MAKE A MISTAKE. THUS NZ APPEARS TO BE HEADED FOR ANOTHER YEAR WITH LABOR MINISTRY RUN ON A "MUDDLE THROUGH" BASIS. GIVEN IMPORTANCE OF LABOR IN NZ, LIKELIHOOD OF CONTINUED INFLATION AND NEAR LIMITED OFFICIAL USE

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CERTAINTY THAT ENERGY SHORTAGE WILL CAUSE UNEMPLOYMENT, KIRK AND LABOR PARTY MAY WELL REGRET THIS DECISION BY YEAR'S END.
WOOD

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